# Gambling in Canada:
## Final Report and Recommendations

**November 2001**

Executive Summary

## Background

*Gambling in Canada: Triumph, Tragedy or Tradeoff?* was a three year independent and objective national study of gambling in Canada that ran from September 1998 to October 2001. It remains the only national study on gambling policy in Canada. Four overarching research areas were explored: (1) the impact of gambling on the non-profit sector; (2) opinions, attitudes and public policy implications of gambling; (3) the history and scope of gambling in Canada; and (4) the socio-economic impact of gambling on communities. The *Gambling in Canada* research program was the most comprehensive examination of gambling policy yet undertaken in Canada. The last three years have brought forth over 700 pages of published research on the nature of gambling in Canada. Drawing upon this wealth of material, this summary report offers a number of concluding observations and final recommendations to guide the development of a healthy gambling policy for Canada. The goal of these recommendations is to facilitate the creation of gambling policies that reflect both profit maximization and harm minimization strategies.

## Concluding Observations

These observations provide an overview of how various research pieces fit together to provide some clarity on current gambling developments. They are not meant to be exhaustive; this list suggests only some emerging gambling trends that may form the basis for future gambling policy.

1. Canadians strongly prefer government and charity-operated gambling over for-profit models of gambling delivery.
2. Most Canadians participate in legalized forms of gambling because they are made available, but would not participate if those forms of gambling were illegal.
3. Few Canadians have problems controlling their levels of gambling, but for those who do the consequences of addictive behaviour are often substantial.
4. Gambling has emerged as an important revenue source for governments, charities, and businesses.
5. A number of entities view gambling as a potential opportunity for financial recovery and economic development.
6. Provincial and territorial gambling policies are becoming more accountable.
7. There is an ongoing effort to increase public awareness of the "good works" funded by gambling.
8. The social costs of gambling are still neither understood nor easily communicated.

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# Final Recommendations

The report offers twenty-nine recommendations in eight areas to build a foundation for better informed public policy decision-making. The recommendations address three themes: improving government accountability, creating healthy gambling policies, and developing needed research on gambling's impacts.

- **Adopt the fundamentals of a public health approach in gambling policy development.** A public health strategy for gambling includes the development of a public health research agenda and the examination of existing gambling policies for harm minimization opportunities. Specific examples of public health approaches to gambling include the creation of a set of healthy advertising guidelines for gambling and the development of a national youth problem gambling strategy.

- **Discontinue the expansion of gambling in Canada until research on the social impacts of gambling is made available.**

- **Focus data collection and research on increasing our understanding of gambling's impact.** Methods of advancing our understanding of gambling's impact include: (1) collecting data both before and after changes to gambling policy in a region; (2) making data transparent and accessible to the public; (3) collecting data on an ongoing basis after a change in gambling policy; and (4) improving the quality and independence of research on gambling's impact.

- **Establish public accountability measures for monitoring provincial and territorial gambling policy.** The establishing of benchmarks for healthy gambling policy and measuring progress towards these benchmarks are recommended as strategies for advancing public accountability. Improving the quantity and quality of gambling revenue and expenditure data, and more balance on the reporting of research that addresses both the harm and benefit of gambling, will also enhance overall accountability

- **Increase the use of democratic mechanisms in gambling policy-making.** Greater public involvement provides a positive forum for public education and debate on gambling's merits. At minimum, future expansion of gambling should be limited to those activities with demonstrated grassroots support. Public input on current gambling policies can also help reduce the harm associated with gambling.

- **Establish a long-term funding strategy for the charitable sector that reflects the changing nature of gambling policy.** A long-term funding strategy can have an important stabilizing effect on the charitable sector. Fundamental to this strategy is the need to maintain current levels of gambling funding and finding alternate sources of funding for those charities that are unable for moral/ethical reasons to use gambling funds.

- **Any expansion of gambling onto First Nation reserves needs to consider the full impact of gambling on First Nation and surrounding communities.**

- **A national review of gambling activity in Canada should be initiated.**

Copies of **Gambling in Canada: Final Report and Recommendations** can be downloaded for free from the Canada West Foundation web site (www.cwf.ca), or can be ordered for $3.00. To order a copy, please contact:

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# GAMBLING IN CANADA

## Triumph, Tragedy, or Tradeoff?

## FINAL REPORT AND RECOMMENDATIONS

by Jason J. Azmier,
Senior Policy Analyst,
Director of Gambling Studies

NOVEMBER 2001

CANADA WEST FOUNDATION

## ABOUT THE GAMBLING IN CANADA PROJECT

*Gambling in Canada: Triumph, Tragedy or Tradeoff?* was an independent national study of gambling in Canada. Funded by a number of philanthropic foundations, the three-year *Gambling in Canada* project ended in October 2001. Emerging from public debates about the expansion of gambling, the project was designed to provide a much-needed comprehensive picture of the public policy issues surrounding gambling in Canada. Four overarching research areas were explored: (1) the impact of gambling on the non-profit sector; (2) the opinions, attitudes and public policy toward gambling; (3) the history and scope of gambling in Canada; and (4) the socio-economic impact of gambling on communities.

The Canada West Foundation's *Gambling in Canada* project was not supported by any governments, gambling industries, special interest groups, or individuals with known positions on gambling issues. The research objectives and output of the project were overseen by a Project Advisory Committee to ensure the accuracy and objectivity of the research.

Copies of all 16 gambling research reports are available by contacting the Canada West Foundation at (403) 264-9535 or may be downloaded from our web site at www.cwf.ca.

**The Canada West Foundation would like to sincerely thank the funders of this project, which include the Donner Canadian Foundation, the Kahanoff Foundation, an anonymous philanthropic foundation and the CWF Founder's Endowment, for their generous support of this research. Without this independent support, the *Gambling in Canada* project would not have been possible.**

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Gambling in Canada Research Report No. 6

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by Jason J. Azmier,
Senior Policy Analyst,
Director of Gambling Studies

NOVEMBER 2001

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## OVERVIEW

*Gambling in Canada: Triumph, Tragedy or Tradeoff?* was a three year independent and objective national study of gambling in Canada running from September 1998 to October 2001. It remains the only national study on gambling policy in Canada. Four overarching research areas were explored: (1) the impact of gambling on the non-profit sector; (2) opinions, attitudes and public policy implications of gambling; (3) the history and scope of gambling in Canada; and, (4) the socio-economic impact of gambling on communities. Through the work in these areas the project provided a much-needed comprehensive picture of the issues surrounding gambling in Canada.

**About Canada West Foundation**

The Canada West Foundation is an independent, non-partisan, non-profit public policy research institute dedicated to introducing western perspectives into current Canadian policy debates through:

- the production and dissemination of objective research to serve as a catalyst for informed public debate; and
- initiatives for active citizen education and engagement in the Canadian public policy process.

Since 1971, Canada West Foundation has provided citizens and policy makers with non-partisan, non-ideological research on a wide range of issues of critical importance to western Canadians.

Canada West Foundation is a registered Canadian charitable organization incorporated under federal charter (#118828698RR0001).

Canada West began looking at gambling as a research topic almost five years ago. At that time gambling policy was emerging as a uniquely western Canadian issue with more forms of gambling available in the West, more money being lost on gambling by western Canadians and emerging democratic movements against gambling occurring in Vancouver, Saskatoon and Calgary.

In response to the growing interest in gambling policy, Canada West published a short discussion paper called "Gambling and the Public Interest?" in November 1997. The paper proved very popular in the public, eventually requiring a second printing. The level of public debate surrounding the release of this paper served as the launching pad for the pursuit of a multi-year research initiative. Although scheduled to start in September 1998, the project essentially began almost a year earlier, when Canada West began monitoring the impacts of gambling, and specifically VLT gambling, in Alberta.

## THE GAMBLING IN CANADA PROJECT

The *Gambling in Canada* project was unique in the area of gambling research as it was not funded by any government or gambling industry-related sources. Similarly, funding did not come from any groups or individuals with known ideological or ethical positions on gambling issues. Rather, the project was funded by a combination of three philanthropic foundations, (the Kahanoff Foundation, the Donner Canadian Foundation and an anonymous foundation) and Canada West's Founder's Endowment. As a result of the independence allowed by these contributing foundations, the research and conclusions of the study were developed without the influence or the approval of funding agencies.

The research of the Foundation was guided by a National Advisory Committee to ensure the objectivity and accuracy of the findings. The Advisory Committee was chaired by David Elton, President of the Max Bell Foundation, and committee members included Patrick Johnston, President and CEO of the Canadian Centre for Philanthropy; Phil Boname, President of Urbanics Consultants Ltd.; Clayton Manness of Manitoba; Jacquelyn Thayer Scott, President of University College of Cape Breton; and Patrick Luciani, Executive Director of the Donner Canadian Foundation. The committee was responsible for overseeing the development of the research design and the on-going monitoring of project developments.

Complementing the Advisory Committee in overseeing research on the project were CWF President and CEO Dr. Roger Gibbins, CWF Director of Research Dr. Loleen Berdahl and CWF Senior Policy Analyst and Director of Gambling Studies Jason Azmier. Mr. Azmier was directly responsible for the day-to-day management of the project and guided the research agenda throughout the course of the project. Also participating on the project were a number of CWF Research Assistants, Policy Analysts and Interns. The project also incorporated gambling research experts from the academic community across the West in the development of this body of work.

### Research Design

Gambling policy is a broadly defined research area. In setting out a course of research for the project, the focus was narrowed to those aspects of policy that would capitalize on CWF research competencies. Each of the four areas of study was guided by the set of research questions outlined in Table 1. In determining this course of study a number of gambling-related research elements were judged to be outside the course of study: problem gambling prevalence, addiction treatment, problem gambling prevention, and the study of specific populations (e.g., youth, seniors, First Nations).

**Table 1: Research Objectives (by research area)**

| [illegible] | |
|---|---|
| Impact on existing funding sources | • *Does the presence of gambling revenues impact the number of non-gambling revenue sources?*<br>• *Do any non-gambling funding organizations specifically select non-profits that reject gambling funds?* |
| Moral/ethical issues facing non-profits | • *What are the moral/ethical issues facing non-profits? How do non-profits reconcile these issues?*<br>• *Do non-profits see gambling problems among their clients? Does this cause moral/ethical issues?*<br>• *How does acceptance of gambling revenues affect an organization's autonomy?*<br>• *How many non-profits are rejecting gambling revenues?* |
| Stability/availability of gambling and non-gambling revenue sources | • *How dependent are non-profits on gambling revenues?*<br>• *How have non-profit funding sources changed over time?* |
| Current capacity of non-profits to generate non-gambling revenues | • *Are individual and corporate donations decreasing due to gambling?*<br>• *Do non-profits have the organizational resources necessary to pursue non-gambling revenue streams?* |
| Extent to which gambling revenues come from non-profit clients | • *Do non-profits feel that problem gamblers likely to become non-profit clients?* |
| Effect of new gambling on non-profits revenue streams | • *Do new gambling devices threaten profits from traditional non-profit gambling (e.g. bingo)?*<br>• *As more charities and other entities turn to gambling, what is the impact on revenue stability?* |
| Role of non-profits in supporting/expanding gambling | • *To what extent does the government rely upon non-profits for support for gambling?*<br>• *Do non-profits actively seek to protect/expand gambling?* |
| [illegible] | |
| Prevalency (rate) of gambling among adult Canadians | • *What is the frequency of, and motivation for, playing various games in Canada?* |
| Perceptions and attitudes of Canadians | • *What are the feelings of acceptability toward various gambling activities?*<br>• *What are the perceived impacts of gambling upon individuals, communities, charities, and governments?*<br>• *To what extent is gambling viewed as a social problem?* |
| Introduction of new forms of gambling in Canada | • *What are the upcoming gambling policy challenges and issues for Canadians?* |

**Table 1: Continued**

| III. History and scope of gambling in Canada | |
|---|---|
| History of gambling; current gambling policy | • *How has gambling developed in Canada?*<br>• *Are present accounts of gambling expansion post-hoc rationalizations or accurate recollections?* |
| Accountability and the responsibilities of governments and non-profits | • *What are the formal and informal rules of gambling?*<br>• *How accessible are gambling data to the general public across provinces?*<br>• *In what ways are gambling data inconsistent and inaccessible?* |
| Revenue from gambling activity in Canada | • *What are the number and types of gambling available?*<br>• *How much do the provinces and charities receive from gambling?*<br>• *How is gambling revenue spent by the provinces?* |
| **IV. Socio-economic impact on communities** | |
| Explore the myths and reality of gambling's impact on crime | • *What is the relationship between gambling and crime?*<br>• *To what extent has legal gambling been designed to replace illegal activity?* |
| Measure social costs and economic benefits of gambling | • *What are the specific social, economic, and quality of life costs and benefits for individuals and the community from gambling opportunities?*<br>• *To whom do these costs and benefits primarily accrue?* |
| Improve ways of measuring the costs and benefits of gambling | • *What are the barriers to effective measurement of gambling's impact?*<br>• *What are the data that should be collected on the impact of gambling?*<br>• *What are the alternatives to economic assessments of impact?* |

## RESEARCH PRODUCTS

Over the three years of the *Gambling in Canada* project, a significant volume of material has been produced and made publically available. The main research products of the project are the 16 printed reports covering each of the 4 research areas. Over 30,000 printed copies of these reports have been distributed, with thousands more distributed electronically over the Internet.

The distribution of the project materials was a critical component of the project design. To help link the research to the gambling policy community, a wide distribution strategy was utilized. Copies of project reports were distributed to every MP, MLA (including gaming ministers), and Senator across Canada as well as to many municipal councils across the country. University-based academics, project research participants, national media, and other Canadian research institutes were also provided copies of the project findings. Additionally, several hundred gambling treatment practitioners and gambling researchers in the national and international gambling research communities received copies of our work.

Gambling in Canada research also reached international audiences through the delivery of presentations and papers at regional, national and international conferences. Over the last three years, 12 papers were delivered at a broad variety of conferences on gambling-related topics. CWF gambling research has also been reproduced by a number of organizations for publication in their materials and will be featured in upcoming issues of the *Journal of Gambling Studies* and the *Journal of Aboriginal Economic Development.*

The following table outlines the specific research study and papers produced over the course of the project. Copies of material produced are available for download at the Canada West Foundation web site (www.cwf.ca).

**Table 2: Research output and products (by research area)**

| | |
|---|---|
| ***The Impact of Gaming Upon Canadian Non Profits: A Survey of Gaming Grant Recipients***<br>Dr. Loleen Berdahl<br>July 1999<br>*Main report 92 pgs.*<br>*Summary report 20 pgs.* | *This study presents an examination of the non-profit sector's experience with gambling grants and charitable gambling. It finds that a striking number of non-profit organizations in Canada are dependent upon gambling revenues. Considering the issue from the non-profit perspective, the study explores the extent to which non-profits are becoming dependent upon gambling revenue and the ethical dilemmas they may be facing. The report finds that although the "ethics of gambling" are not a major concern for most non-profits that receive grants, gambling revenue is seen as an erratic source of funding.* |

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| ***Non-Profits and Gambling Expansion: The British Columbia Experience***<br>Dr. Colin Campbell<br>December 2000<br>*Main report 53 pgs.*<br>*Summary report 16 pgs.* | *The study investigates the role of the non-profit sector in bringing about changes to the gaming sections of the Criminal Code of Canada since its enactment in 1892. Using BC as a case study, research questions probe the influence of non-profit organization lobbying regarding gambling policies; the use of non-profit organizations as a justification for gambling expansion; the relationships between gambling operators and non-profit organizations; and the relationships that have emerged between the regulators and the regulated.* |
| ***The Ethics of Charitable Gambling: A Survey***<br>Jason J. Azmier and Robert Roach<br>December 2000<br>*20 pgs.* | *In Canada, the charitable sector benefits from gambling both directly (through the operation of bingos, casinos and raffles) and indirectly (through government gambling grants). This research investigated the increasingly important role that charitable gambling (bingos, casinos, raffles) revenue plays in the operation of charities across Canada. The study reported on the extent of non-profits dependency on gambling revenues; the effects of charitable gambling regulations and application procedures on funding accessibility; the troubling ethical considerations for charities using gambling revenues; and the charities' perspectives on the effects of gambling expansion on fundraising activities.* |

***Papers & Presentations***

*Non-Profits and Gaming in Canada.* Presentation at the Association for Research on Non-profit Organizations and Volunteer Action (ARNOVA) Annual Conference. Washington, DC. November 1999.

*Gaming and the Non-Profit Sector: Is it a Gamble?* Presentation at the Clare Clark Memorial Symposium on Voluntary Action and Organization in Canada. Toronto, ON. November 1999.

*Gambling and Fundraising: a Survey of Canadian Charities.* Presentation at the ARNOVA Annual Conference. New Orleans, LA. November 2000.

## II. Opinion, Attitudes and Public Policy Implications of Gambling

| | |
|---|---|
| ***Canadian Gambling Behaviour and Attitudes***<br>Jason J. Azmier<br>December 2000<br>*Main report 120 pgs.*<br>*Summary report 32 pgs.* | *This report analyzes the data collected from CWF's national gambling survey of 2200 Canadians. It examines regional differences in regards to player type, game preference and policy questions. The study concludes by identifying four data patterns: (1) several dichotomies exist between public opinion and gambling policy; (2) significant regional variations exist in regards to tolerance of gambling; (3) Canadians hold strongly divided gambling opinions; and (4) Canadians feel gambling is acceptable due to its inevitability.* |
| ***First Nations Gambling Policy in Canada***<br>Robin Kelley<br>June 2001<br>*20 pgs.* | *Based on current Canadian and international gambling literature, public opinion data and interviews with governments and First Nation members, the report finds that not all First Nation gambling operations are viable, and that gambling provides both potential benefits and costs to First Nation communities. The size of the benefits is dependant on a number of factors, including the level of market saturation, problem gambling impacts, and the ability to draw gamblers to reserves.* |

| | |
|---|---|
| ***Gambling@Home: Internet Gambling in Canada***<br>Robin Kelley, Peter Todosichuk, and Jason J. Azmier<br>October 2001<br>*20 pgs.* | *The paper outlines the current state of Internet gambling in Canada, details unique policy aspects of online gambling, considers international approaches to online gambling, and speculates on the possible future of Canadian Internet gambling. The paper concludes that few Canadians gamble online but Internet gambling has the unique potential to increase the social cost of gambling because it combines high speed and convenient access with a technology that appeals to youth.* |

***Papers & Presentations***

*Competing Conservative Approaches to Regulating Gambling.* Presentation to Civitas Fourth Annual National Conference. Kananaskis, AB. April 2000.

*Exploring the Gap Between Gambling Policy and Public Opinion.* Presentation to Canadian Foundation on Compulsive Gambling (Ontario) Bridging the Gap 2000 Conference. Niagara Falls, ON. May 2000.

*Gambling in Canada: Triumph, Tragedy or Tradeoff?* Presentation at the 11th International Conference on Gambling and Risk Taking. Las Vegas, NV. June 2000.

| | |
|---|---|
| ***Rolling the Dice: Alberta's Experience with Direct Democracy and Video Lottery Terminals***<br>Jason J. Azmier, Val Jepson and Mark Pickup<br>September 1998<br>*20 pgs.* | *This study examined the petition gathering exercises in Alberta prior to the October 1998 votes on the removal of VLT machines from Alberta communities. The study examined the history of the VLT introductions, the initial response to the machines, the events leading up to the first petitions, the historic petition gathering processes in Calgary and Edmonton, and public opinion on the VLTs.* |
| ***The State of Gambling in Canada: An Interprovincial Roadmap of Gambling and its Impact***<br>Jason J. Azmier and Dr. Garry Smith<br>October 1998<br>*8 pgs.* | *The roadmap examines six factors: (1) what the latest gambling research tells us about the costs and impact of problem gambling; (2) the types of games available and net gambling revenues; (3) charitable and non-profit funding from gambling; (4) problem gambling and treatment subsidies; (5) new provincial gambling regulations and citizen consultations; and (6) government accountability in regard to gambling policy. In addition, a supplement to the roadmap examines the special case of video lottery terminals (VLTs) and their role in Canada's public policy debates.* |
| ***Canada's Gambling Regulatory Patchwork: A Handbook***<br>Val Jepson, Sika Patton and Jason J. Azmier<br>October 1999<br>*36 pgs.* | *From 1969 until the early 1980s, provincial governments set up regulatory bodies to issue licenses for charitable gambling and to introduce lottery ticket schemes. This report provides a Canada-wide, province-by-province examination of gambling laws and regulatory frameworks. Taking a chronological perspective, the report is essential reading for those wishing to understand the rapid expansion of the gambling industry over the past 30 years.* |

| | |
|---|---|
| ***Gambling in Canada Special Report: Video Lottery Terminals in New Brunswick***<br>Jason J. Azmier<br>May 2001<br>*6 pgs.* | *A Gambling in Canada Special Report was produced to inform the debate on VLTs in New Brunswick by providing contextual and background information on VLTs prior to the May 14th, 2001 referendum on the removal of VLTs from the province.* |
| ***Gambling in Canada 2001: An Overview***<br>Jason J. Azmier<br>August 2001<br>*16 pgs.* | *The report presents a comprehensive analysis of (1) the number and types of gambling available; (2) the amount of revenue provinces and charities receive from gambling; (3) problem gambling and treatment; (4) participation and attitudes toward gambling; and (5) government policy on gambling. Using 37 graphs and accompanying text, the report creates a unique dataset that reconciles the different ways in which gambling data are presented in each province.* |
| ***Papers & Presentations***<br>*Political Conflict and Challenges Between Provincial and Local Government: Canadian Perspectives.* Presentation involving CWF research on direct democracy by Dr. Garry Smith at 11th International Conference on Gambling and Risk Taking. Las Vegas, NV. June 2000. | |
| ***Gambling and Crime in Western Canada: Exploring Myth and Reality***<br>Dr. Garry Smith and Dr. Harold Wynne<br>September 1999<br>*Main report 128 pgs.*<br>*Summary report 20 pgs.* | *This report presented a first-of-its-kind examination of the relationship between gambling and crime in Canada. Based on interviews with law enforcement and regulatory and judicial personnel dealing with gambling crime, the authors examine the extent to which illegal gambling-related crime, and crimes by problem gamblers, impact our communities. The report finds that illegal gambling is not pervasive throughout western Canada, and that the types of crimes committed by problem gamblers include theft, credit card scams, break and enter, and domestic violence.* |
| ***Framing Public Policy: Towards a Public Health Paradigm for Gambling***<br>Dr. David Korn, Dr. Roger Gibbins and Jason J. Azmier<br>Submitted to Journal of Gambling Studies, March 2001<br>*34 pgs.* | *This paper examines the public policy value of looking at gambling from a public health perspective. The manner in which social issues are framed will either expand or curtail public policy debates. The existing and traditional frames for gambling (e.g, gambling as a matter of individual freedom, gambling as a form of recreation, etc.) fail to consider research on the social and economic impacts of gambling. Because a public health frame offers a broad viewpoint of society, it encompasses a number of social and economic impacts not considered in traditional frames. The paper concludes that research that identifies and quantifies the public health factors of gambling will substantially contribute to a shift toward a public health frame.* |

***Triumph, Tragedy or Tradeoff? Considering the Impact of Gambling***
Jason J. Azmier and Robin Kelley and Peter Todosichuk
August 2001
*24 pgs.*

*This paper considers the impacts of gambling and addresses the many obstacles surrounding the collection of relevant data, obstacles that hinder our ability to conclude whether gambling expansion is good or bad for Canada. The current inability to assess gambling's impact fundamentally clogs the process of developing gambling policy. In order to better understand how gambling impacts communities, efforts to collect data need to increase. Provincial gaming authorities should be given the mandate and resources to collect gambling-relevant data at regular and consistent intervals.*

*The paper suggests that a public health approach to measuring gambling's impact addresses the problems of valuing the cost of gambling by focusing research on what should be the primary goal of gambling policy: to maximize the benefit of gambling while minimizing the harm.*

***Papers & Presentations***

*Gambling and Crime in Western Canada: Exploring Myth and Reality.* Presentation at Canadian Association of Gaming Regulatory Agencies (CAGRA) Conference. Winnipeg, MB. September 1999.

*Gambling and Crime in Western Canada: Exploring Myth and Reality.* Presentation to meeting of law enforcement personnel across western Canada. Regina, SK. February 2000.

*Gambling and Crime in Western Canada: Exploring Myth and Reality.* Presentation at the 11th International Conference on Gambling and Risk Taking. Las Vegas, NV. June 2000. Co-author Garry Smith also presented this research as part of the authors' reception at the conference.

*Framing Public Policy: Towards a Public Health Paradigm for Gambling.* Presentation at the 1st International Symposium on the Economic and Social Impacts of Gambling. Whistler, BC. Sept. 2000.

## CONCLUDING OBSERVATIONS

Gambling remains a contentious policy issue in Canada. Some view gambling as harmless entertainment that benefits the community by lowering taxes and funding social programs. Others view gambling as a waste of time that exploits for profit those with an addiction. At the root of this divergence of opinion are strongly held ideological positions often based on libertarian attitudes, religious beliefs and personal anecdotal experience.

In contrast, gambling research does not consider gambling as "good" or "bad." Gambling research cannot answer questions such as "how much gambling in Canada is too much?" or "are governments becoming addicted to gambling?" Research findings tell us about the use of gambling revenue, the amount that Canadians gamble, how important gambling is to charities, what are the rules about gambling and what Canadians think about various aspects of gambling. It is from these and similar research questions (presented in Table 1, page 4) that the concluding observations are drawn.

These observations offer a distillation of gambling policy debates in Canada. The intent is to provide an overview of how various research pieces fit together to provide some clarity on current gambling developments. These observations are not meant to be exhaustive; this list suggests only some emerging gambling trends that may form the basis for future gambling policy.

**1. Canadians strongly prefer government and charity-operated gambling over for-profit models of gambling delivery.** The government-operated and regulated approach to all gambling is unique among international jurisdictions. Public opinion research finds that governments are seen as more capable of protecting Canadians from the harm associated with gambling while maximizing the positive returns from gambling. This is not meant to suggest that Canadians believe that current government policies have achieved the appropriate balance of harm and benefit. Rather, gambling is viewed as an inevitable activity rooted in community and cultural traditions and Canadians feel it is best to have it take place in a well-regulated and legalized environment.

**2. Most Canadians participate in legalized forms of gambling because they are made available, but would not participate if those form of gambling were illegal.** Almost three-quarters of Canadians participate in the various legalized forms of gambling in a one year period, but few participate in illegal forms of gambling. Canadians do not seek out illegal gambling opportunities. The high level of gambling participation in Canada is dependent upon the amount of gambling that has been legalized. The association of government control and regulation of gambling serves to legitimize the activity. Canadians gamble on the assumption that governments will incorporate gambling policies that minimize the harm associated with gambling.

**3. Few Canadians have problems controlling their levels of gambling, but for those who do the consequences of addictive behaviour are often substantial.** While as yet there exists no national research on the prevalence of problem gambling in Canada, it appears that less than 5% of the adult population have some problems controlling their levels of gambling. However, aggregate figures do not tell the whole story of addiction. There is emerging research to suggest that some populations are experiencing much higher rates of addiction. First Nations, youth and Asian populations warrant particular concern. The impact of gambling is also rarely felt by only the problem gambler. Costs felt by those around a problem gambler can include family and marital stress, employment or workplace disruptions, criminal activity, depression and, in extreme cases, suicide.

**4. Gambling has emerged as an important revenue source for governments, charities, and businesses.** It is increasing clear that gambling is an important revenue source for those who profit from gambling. In 2000, over $3.5 billion was made by those retailers and business that help provide gambling on behalf of governments, more than $5.5 billion was made by governments from gambling activity, and thousands of charities received over $700 million in gambling-related revenue. In a few short years, gambling has emerged as a fundamentally important part of business economic development strategies, government taxation policy and even social services programs. Because of the expansion of gambling, gambling policy has taken

on a new importance for those entities that benefit from gambling profits. With more gambling, the public debate over how much gambling we ought to have in our communities has broader consequences than ever before.

**5. A number of entities view gambling as providing potential opportunities for financial recovery and economic development.** Gambling is viewed as providing opportunities for economic development and financial recovery. First Nations, charities, sports teams, school parent associations, hospitals and even universities have turned towards gambling as a means of expanding programs or covering deficits. However, these conclusions are made without a clear understanding of the social impact that gambling can have on individuals or communities.

**6. Provincial and territorial gambling policies are becoming more accountable.** Criticized at the outset of this study for substantial lack of accountability in gambling policy, some provincial and territorial governments have made significant progress towards increasing transparency in the decision-making process. Some important measures (e.g., the requirement of community consent prior to the introduction of new casinos in Alberta and Ontario, province-wide votes on removal of VLTs in New Brunswick, and increased financial reporting by a number of provinces) have introduced a sense of greater community involvement in the development of gambling policy. Governments have also been more active in increasing understanding of gambling through a more aggressive research program including the development of arms-length gambling research institutions in Alberta and Ontario. It is evident that there is much that remains to be done to improve overall accountability, but progress is underway.

**7. There is an ongoing effort to increase public awareness of the "good works" funded by gambling.** As public concerns over gambling have increased, governments, retailers and even charities have become more vocal in promoting the good deeds associated with the spending of gambling revenue. Increased spending transparency has improved the overall understanding of government expenditures, but has also skewed public opinion on the merits of gambling. By promoting and publishing the good works associated with gambling, the gap has widened between what is known about the positive impacts of gambling and what is not known about the social costs.

**8. The social costs of gambling are still not well understood or easily communicated.** The social costs of gambling are difficult to quantify. They include many personal impacts that have little or no financial value, but have nonetheless a significant personal cost. Unlike many positive impacts of gambling, the aggregate social costs of gambling cannot be reported or even accurately estimated. This is an insurmountable barrier in communicating the social costs of gambling to the public. As a result, Canadians tend to rate problem gambling as a less serious social problem.

Further complicating the understanding of gambling is the fact that problem gamblers tend to exhibit few visible symptoms associated with gambling problems. Unlike other forms of addiction (e.g., alcohol, drugs), signs of gambling addiction can be more easily hidden because there is a lack of physical manifestations associated with disordered gambling.

# FINAL RECOMMENDATIONS

The *Gambling in Canada* research program was the most comprehensive examination of gambling yet undertaken in Canada. The last three years have brought forth over 700 pages of published research on the nature of gambling in Canada. Drawing upon this wealth of material, a number of final recommendations are offered to guide the development of a healthy gambling policy for Canada. The goal of these recommendations is to facilitate the creation of gambling policies that reflect both profit maximization and harm minimization strategies.

As was consistent throughout this project, it must be restated that these recommendations do not draw conclusions as to whether gambling has been good or bad for Canada. Those kinds of normative conclusions are beyond the scope of this research. Although unbiased and value free recommendations may not have as great a public appeal, the fundamental purpose of this work was to increase the public's overall understanding of gambling's impact, and to find ways to improve gambling policy decision-making. To that end, the project offers the following final recommendations.

## 1 Adopt the fundamentals of a public health approach in gambling policy development.

A public health approach to gambling is one that considers the medical, financial, economic development, judicial, social, biological, cultural, and political root influences on gambling. By doing so, the public health assessments include both the costs and benefits associated with gambling and problem gambling. Using the health, social and economic dimensions, strategies develop that minimize gambling's negative impacts while appreciating its potential benefits. Healthy gambling goals involve individuals making informed choices on the probability of winning, pleasurable gambling experiences in low risk situations, and wagering in sensible amounts. Healthy gambling has the potential to sustain or enhance the wellbeing of gamblers and the community. The value of a public health approach to gambling is that it attempts to understand gambling behaviour, analyze its benefits and costs, and identify strategies for action and points of intervention.

### *1.1 Develop a public health research agenda for gambling.*

Public health research on gambling is a precursor to the injection of healthy gambling concepts into current policy debates. For example, work on the socio-economic impact of gambling can focus attention on the community and public health implications of gambling. While the methodologies employed by gambling impact studies remain problematic, these studies have helped identify many of the public health aspects of gambling. A public health research agenda would include: (1) monitoring of government regulations to ensure a responsible balance between encouraging gambling as entertainment and protecting the public from gambling-related harm; (2) evaluations of the harm reduction strategies adopted by provincial and territorial governments and non-profit agencies; (3) research on the relationship of substance abuse and other mental health disorders to gambling; (4)

research on the determinants of gambling behaviour (and gambling problems) that considers both biomedical and social determinants; and (5) the evaluation of new technologies and their impact on the frequency and accessibility of gambling.

***1.2 Examine existing gambling policies for harm minimization opportunities.***

All existing regulatory provisions must be assessed to determine those opportunities to reduce the harm associated with permitted gambling. This need not involve an arbitrary assessment, but rather should be a reflection of prevailing community standards and available research. Existing profit maximizing and convenience gambling policies (e.g., 24-hour gambling, the location of automated teller machines in gambling facilities) ought to be reconsidered with respect to the potential for harm.

***1.3 Create a set of healthy advertising guidelines for gambling and lottery-type products.***

Similar to the strategies that regulate the advertisement of other addictive products like alcohol and tobacco, a set of guidelines needs to be developed for the advertisement of gambling. These guidelines, developed in concert with all provincial and territorial governments and public health professionals should include standards on the content, location, timing and frequency of the messages promoting gambling activity. Gambling-related products like charity sports pools and restaurant promotions also need to be considered for the appropriate balance of harm minimization.

***1.4 Create a youth problem gambling strategy.***

Youth gambling activity continues to warrant particular attention for the high level of participation and problem gambling rates. A national youth problem gambling strategy, supported by all provinces and territories, is needed to address the emerging concerns related to gambling addiction. A healthy public policy on youth gambling needs to address the nearly ubiquitous presence of gambling in sporting events, popular media and even charitable activity. The policy and research communities need to give full consideration to (1) the content of gambling advertising; (2) gambling messages in motion pictures and television programming; (3) what gambling and gambling addiction messages are taught in school; (4) the nature and types of problem gambling warnings; (5) the access to and packaging of lottery tickets that appeal to children; and (6) what is the appropriate minimum age for legalized gambling.

## 2 Discontinue the expansion of gambling in Canada until research on the social impacts of gambling is made available.

The continued expansion of gambling in Canada, despite a universally acknowledged dearth of research, suggests that the potential harm associated with gambling is not receiving appropriate weight in government expansion planning. This is not to suggest that gambling should not expand, but the pace of this expansion to date has been unprecedented. The field of addiction research lags woefully behind the ability of governments to find new opportunities for gambling growth. A pause in expansion to consider the impact of the last eight years of aggressive expansion is critical if decisions are to be based on the best available research.

To date in Canada few provinces have even had the opportunity to measure the change in rates of problem gambling estimates as a result of expansion, let alone consider the impacts of these changes or any long-term consequences. Given the potential for real harm associated with gambling and problem gambling, it is imprudent to continue to introduce new forms of gambling, increase the availability and access to existing forms of gambling, and introduce new technologies without due diligence. Without much needed research and an increase in our understanding of the impact of gambling, this level of care will not be possible.

## 3 Focus data collection and research on increasing our understanding of gambling's impact.

The primary barrier in advancing our knowledge of gambling's impact is a lack of appropriate data collection. There needs to be an active, transparent and uniform attempt to collect data throughout all provinces and territories. The primary points of impact—health professionals, police, social service agencies, gaming retailers, coroners, and provincial and territorial gaming authorities—must be given the mandate and resources to collect gambling-relevant data at regular and consistent intervals. Further, provincial and territorial gaming authorities should collaborate with each other and with Statistics Canada to establish consistent, valid and reliable measures of gambling to be used in all provinces and territories. This would facilitate data comparability and allow for a richer understanding of gambling's costs and benefits. If such data were collected in a consistent manner over time, longitudinal patterns would emerge to provide valuable information for future policy formation.

***3.1 Collect data both before and after changes to gambling policy in a region.***

Opportunities to assess the impacts of gambling exist around the introduction, removal or modifications of gambling policy in an area. To the extent it proves practical, these events ought to be aggressively studied and reported upon. Secondary factors such as macro-economic effects, changes in data recording methods, related social trends and the introduction of any new laws and regulations should also be considered in evaluations of what effect gambling policy change has had on a region.

***3.2 Data collection should be transparent and made accessible to the public.***

Data collected should be made publicly available for independent analysis so that all stakeholders are better informed of the costs and benefits. There should also be full disclosure on behalf of the provinces and territories of the existing research on gambling's impact. As provinces and territories in Canada hold gambling monopolies, there should be only a minimal threat from the disclosure of actual rates of returns, detailed player profiles or market research.

***3.3 Review the effects of gambling policies on an ongoing basis.***

Changes in community and economic data and social indicators after gambling has been established in a region should be noted and regularly evaluated. One-time reviews of gambling's impact ignore the long-term impacts that can take several years to manifest themselves. For example, a snapshot of the costs associated with problem gamblers may prove inaccurate if most problem gamblers are in the early stages of the disorder.

***3.4 Improve the quality of research on gambling's impact and fund independent studies.***

Studies that attempt to assess gambling's impact are costly and as a consequence, most studies to date have been funded by government and industry sources. While that in itself is not a reason to discount the findings of these studies, there is a need to validate these studies through independent analysis. Agreement on appropriate methodologies for this type of work and greater involvement on behalf of stakeholders in the research design process would also increase the validity of this research.

## 4 Establish public accountability measures for monitoring provincial and territorial gambling policy.

Provinces and territories currently have a number of checks on the manner in which gambling policy is implemented. Provincial auditors, government-appointed gaming commissions and opposition legislative members monitor and report on the gambling policies of government. However, because gambling policy has expanded and evolved at such a rapid pace, the substantial weight of full public scrutiny has not addressed gambling policies. Provincial and territorial governments must be held responsible to take extraordinary steps to provide opportunities for public accountability.

***4.1 Establish benchmarks for healthy gambling policy and measure progress towards these benchmarks.***

Accountability can be improved through the use of measurable targets of healthy gambling delivery. Benchmark standards should include: (1) minimized rates of problem gambling; (2) target levels of program spending for problem gambling education, treatment and prevention; (3) guaranteed levels of funding for charities; (4) reduced levels of gambling-related crime; and (5) targets for gambling addiction treatment. Government spending and revenue should be directly tied to these healthy gambling benchmarks. For example, an increase in the rates of problem gambling should require an increase in resources spent on treatment and education.

***4.2 Public reporting and dissemination of government revenue, expenditure and market data.***

Revenue, expenditure and market data indicate from whom (i.e., which demographic and socio-economic groups) gambling revenue is raised, what games generate the most profit and how governments spend gambling profits. This measure of fiscal transparency is necessary to identify the potential areas of harm minimization. For example, if a concentration of gambling machines located in lower income regions generate more revenue than those in higher income regions, there are opportunities to redistribute machines, consider the nature of the advertising for the machines in that area, or examine the size and type of problem gambling warning messages in use in that area. Public disclosure of this type of information will enhance the public's confidence in the role of government as an accountable regulator of gambling.

***4.3 Balanced reporting of both the positive and negative impacts of gambling.*** As provincial and territorial governments have increased the promotion and publication of their use of gambling revenues to fund community projects and charitable activities, they have skewed public understanding of gambling's impact. In the interests of public accountability, the negative aspects of gambling ought to be equally reported upon by the provinces and territories.

## 5 Increase the use of democratic mechanisms in gambling policy-making.

On a number of substantial gambling regulatory policies (e.g., funding of charities, access to VLTs, underage access to gambling facilities) there is a wide divergence between public attitudes and current government policies. To help close that gap, it is recommended that the provincial and territorial governments use democratic consultation tools such as plebiscites, deliberative polling, and community consultations to include the direct voice of the public in gambling decision-making. As has been shown in those places that have held plebiscites on gambling, greater public involvement provides a positive forum for public education and debate of gambling's merits.

***5.1 Limit gambling expansion to those activities with demonstrated grassroots support.***

Given the potentially devastating impact of creating more problem gamblers, future gambling expansion should require a clear statement of public support through a vote. Similarly, change to gambling policy that can increase the overall amount of available gambling (e.g., longer casino hours, more EGMs, new gambling technologies, additional simulcasts of horse racing, and new lottery/sport betting games) should not be based on market research or even consumer demand, but upon public votes.

***5.2 Allow direct democratic input on existing gambling policy when there is acknowledged potential for harm reduction.***

It is unrealistic to expect that democratic input is needed on all existing gambling policies, but there are circumstances (e.g., moving VLTs out of bars and lounges and into race tracks and casinos) where a majority of the public appears to support greater protection from the harms of gambling than is being provided by gaming authorities. Unpopular and potentially harmful gambling policies should be put to the public for a vote regardless of the potential impact on gambling revenues.

***5.3 Establish regular, broadly-based provincial consultation mechanisms to review changes to gambling policies.***

On a periodic basis (i.e., every 2 or 3 years, depending on how rapidly policy evolves), provincial and territorial governments should consult with stakeholders, the public and gambling opponents on the direction and future of gambling in their region. These processes should ensure that a diversity of opinion is heard and should include mechanisms for a public discussion of both the successes and failures of current gambling policies.

## 6 Establish a long-term funding strategy for the charitable sector that reflects the changing nature of gambling policy.

In Canada, charitable gambling and gambling grants are vitally important funding sources for non-profits and charities, and have been for over 100 years. However, government gambling expansion over the last decade has "crowded out" the charitable sector's role in the operation of gambling and threatens this revenue source. There is also an emerging debate within the non-profit sector about the ethical implications of charitable involvement in gambling. What is needed are measures on behalf of governments and philanthropic foundations to introduce funding stability measures in the sector.

***6.1 Develop gambling grant systems that better reflect charitable sector needs.***

Increasingly, provinces are replacing direct charity-run gambling with a system of gambling-related grant-making. To maximize the benefits to charity, the design of these gambling grant systems should include: (1) an absence of political interference in grant making decisions; (2) greater proportion of gambling revenues benefiting the non-profit sector; (3) charitable sector involvement in the design of grant-making processes and (4) longer-term funding, such as three-year renewable grants.

***6.2 Maintain current levels of gambling funding to the non-profit sector.***

Charitable revenues need to be protected from the dilution of revenue that occurs when additional charities or new entities are given access to gambling profits. This threat comes from all directions including government, large non-profits (e.g., hospitals and universities), for-profit groups (e.g., Internet gambling companies, professional sports leagues), and First Nations. A situation of dependency exists for many charities who have come to rely on gambling revenue. To combat this threat, the charitable sector requires long-term funding guarantees.

**6.3 *Reduce the incentive to use charitable gambling and grants.***

Currently, an inequity of fundraising opportunity exists between those agencies who use gambling revenue and those who do not. This imbalance occurs because there is no alternative source of funding for those agencies that choose not to accept gambling revenue or cannot participate in gambling for some other reason. What is needed to remove this incentive is the development of non-gambling funding sources within government and among the philanthropic granting foundations that are available to those that cannot use gambling funds for whatever reason.

***6.4 Research the effects of gambling on charities.***

A number of potential relationships between gambling and charities need to be addressed through research and monitoring of the charitable sector. Issues of concern include: (1) whether higher gambling rates have an impact on individual donation levels; (2) whether publishing the names of grant recipient charities affects their ability to fundraise; (3) whether it is more difficult to attract and retain volunteers for those organizations that use volunteers to run charitable gambling; and (4) what are the good works that gambling revenues help fund.

## 7 Any expansion of gambling onto First Nations reserves needs to consider the full impact of gambling in that community and on surrounding communities.

On-reserve gambling presents an important economic development opportunity for First Nations. However, policies that promote on-reserve casinos must consider the social costs that may be borne by the local First Nation community. At a minimum, economic development benefits from First Nations casinos should be weighed against emerging research that suggests a real potential for increased levels of problem gambling within First Nations communities.

***7.1 On-reserve gambling policies should be developed in coordination with First Nations communities.***

Provincial and territorial policy towards on-reserve gambling should be developed in cooperation with the First Nations. First Nations communities frequently have voiced desires to take a more proactive role in deciding what forms of gambling they would like to develop. As on-reserve casinos will have a large impact on the local community, the host First Nation must be able to provide input into the policy process so that its concerns and needs are heard.

***7.2 First Nations casino profits should be directed towards community development.***

Experiences from the United States have shown that many of the most successful tribes hosting casinos on their reserves have implemented community development strategies to increase education, and employment, and to reduce levels of substance abuse within their communities. The introduction of gambling onto reserves should be accompanied by spending regulations designed to improve community development of First Nations reserves across the province or territory.

***7.3 First Nations casino expansion should emphasize sustainability across the gambling industry.***

Over-expansion can lead to situations where many casinos operate only marginally and need to compete to attract the same patrons. First Nations casino expansion should be designed to ensure that adequate revenues are generated to allow the development of First Nations communities and address social costs.

## 8 A national review of gambling activity in Canada should be initiated.

Over the last three years the Canada West Foundation has acted as a research resource for hundreds of journalists, academics, treatment professionals, advocates, international gambling researchers, government policy personnel, and students through almost daily requests for gambling research received in our office. The sheer scope and importance of these requests suggest an undeniable need for nationally-focused gambling research in Canada that is independent from provincial and territorial governments.

The federal government is the most appropriate entity to continue this research and monitoring role. The federal government, through Justice Canada, administers the Criminal Code, by which all Canadian gambling is governed. The substantive changes in gambling availability in Canada have each been brought about from a Criminal Code amendment. The introduction of new forms of gambling implements, licensed Internet gambling, also requires Criminal Code amendments Additionally, due to a political agreement it made with the provinces *not* to conduct national lotteries, the federal government is in receipt of payments of over $50 million in gambling revenue annually from the provinces. Therefore, Justice Canada would appear to have both the mandate and financing required to launch a comprehensive, ongoing, review of gambling. When the federal government vacated its role in developing gambling policy and turned the sole operation of lottery schemes over to the provinces in 1985, legalized gambling in Canada was nothing like it is today. As revenues have increased so has federal responsibility to assess the impact of that agreement.

## FINAL THOUGHT

The recommendations offered by this study are only the first steps in a larger process of evaluating gambling policy in Canada. These recommendations provide the foundation for better informed decision-making by addressing three areas of concern: improving government accountability, creating healthy gambling policies, and developing needed research on gambling's impacts. It is our hope that Canadian governments, researchers, activists, the gambling industry, and the public will continue the process of working towards a better gambling policy in Canada. ■

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